

WEST VIRGINIA INSURANCE COMMISSION

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CONSUMER SERVICE

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BEWARE OF DISCOUNT HEALTH PLANS

What is a discount health plan?

A discount health plan is any card, program, device, or mechanism that claims to offer discounts or access to discounts from health care providers. These plans often appear on the internet or in unsolicited mailings and faxes, offering a wide variety of health coverage options regardless of health, age, or pre-existing conditions.

Should I be wary of discount plans?

YES. Discount plans promise that in exchange for low weekly or monthly payments, you will receive discounts for services rendered by their network of health care providers for services such as medical and hospital care, dental work and prescription drugs. Consumers often believe that these plans offer the same type of coverage as a health insurance policy with much lower prices than the premiums charged by licensed insurance companies, but they don't.

Are discount plans insurance?

NO. Salespeople and advertisements may use words like "benefits" or "coverage" to deceive consumers into thinking a discount plan is like insurance. Discount plans only aim to provide "membership" or "association" benefits that are primarily a discounted cost to health services and ***ARE NOT*** insurance. Under a discount plan, you are required to pay your medical bills at the time the services are rendered. There is no guarantee that your medical providers will give any discount or benefit as a result of your participation in the discount plan, nor is there a guarantee that any medical providers will even exist in your geographical area or in the specialties that you need.

Are discount plans regulated by the Insurance Commissioner?

NO. The Insurance Commissioner only regulates insurance companies and discount plans are not insurance. As a consumer you should be aware of this because if you are enrolled in a discount plan, you will not receive the same protections and benefits that you would receive if you purchased a comprehensive health insurance policy from a licensed insurance company. Insurance companies, who write actual health insurance policies are required by state law to have their policy forms and rates approved by the commissioner, provide certain health benefits and possess the financial capacity to pay claims.

Why are these plans such a big problem?

A discount plan may jeopardize the financial security and health of consumers. Discount plans tend to exaggerate the saving potential and promise discounts that might not exist. If you enroll in a discount plan, you will not receive the protections and benefits that you would receive if you enrolled in a health plan offered by a licensed insurance company.

How can I tell the difference between a discount plan and a licensed insurance plan?

- Discount plans are often advertised on the internet, through “spam” emails or pop-ups, and they are also advertised in newspapers.
- Discount plans sometimes promise a wide range of health benefits for as little as \$20 per month for the whole family, regardless of age or health problems. These costs are far less than what insurance companies are charging.
- Many discount plans use language in their advertisements suggesting that the product is insurance to lure customers into a false sense of security.
- Discount plans often exaggerate the savings potential and promise discounts that may not exist.
- The sales personnel or companies of discount plans generally insist on cash payments and may pressure you to make quick decisions.
- Ask the sales person or company if the product they are selling is an insurance plan or just a discount plan. Discount plan providers may provide indirect and evasive answers if asked this.

How do I protect myself from falling victim to a discount plan?

- First and foremost, ***always*** remember:
 - **CALL US BEFORE YOU BUY!**
 - **If it sounds too good to be true, it probably is!**
- Contact the West Virginia Secretary of State to make sure the company is licensed to conduct business in the state.
- Contact the West Virginia Insurance Commissioner to see if the product is underwritten by a licensed insurer or if consumer complaints have been made against the entity.
- Be very cautious about plans sold over the internet.

- Research the company that runs the plan before you enroll.
- Do not agree to join until after you have seen all of the membership materials and reviewed them. Do not fall for the money-back guarantee.
- Never give a company your credit card or bank account information. There is a risk that companies will use this information to make unauthorized charges on, or withdrawals from, your accounts and may also pass your account information on to other companies.
- Contact your doctors, hospitals and other medical providers to determine if they have knowledge of the discount plan and if they are current members of the plan's provider network.
- DO NOT cancel your existing insurance policy until you have thoroughly researched the plan. If you cancel your policy, you may find yourself without insurance and be unable to get other coverage.

If you have joined a discount plan and wish to lodge a complaint against the plan, you should contact the Attorney General's office, Consumer Protection Division, at 558-8986. If you have any questions about whether the plan you have joined is a discount plan or insurance, call the Consumer Services Division of the Insurance Commission at 1-888-TRY-WVIC.